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Programme, Financial and Administrative Section

PFA

FOR INFORMATION

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Follow-up to the report of the Chief Internal Auditor for the year ended 31 December 2017

Summary: This paper provides details of actions undertaken by the Office as follow-up to the Chief Internal Auditor's recommendations for 2017.

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Related documents: GB.332/PFA/7 and GB.332/PV, paragraph 680.

1. At its 332nd Session (March 2018), the Governing Body considered the report of the Chief Internal Auditor on significant findings resulting from internal audit and investigation assignments undertaken in 2017. This paper addresses follow-up action taken by the Office on the Chief Internal Auditor's recommendations for 2017.
2. The Chief Internal Auditor's recommendations for improvements in the areas covered by the report are set out in Appendix I, together with the Office's responses and details of follow-up actions taken. Appendix II contains a list of internal audit reports issued in 2017 and the status of the Office's follow-up.
3. ILO management continues to work in close liaison with the Office of Internal Audit and Oversight (IAO) in order to derive full benefit from its recommendations, and to ensure that these are followed up and effectively implemented.

Appendix I

Recommendation title	Recommendation	Office response	Implementation status	Completion date
Resource planning and recruitment	The incumbent office director did take steps to mitigate the risk of the impact of long-standing vacancies by requesting assistance from other offices in the region and an assistant from another office was sent on mission to support the office. This represents a good practice and could be used as a model in other regions to help field offices when needed. Regional offices should take the lead in coordinating steps to identify offices that need support and where such support could be obtained.	The recommendation is noted and the Office has applied this practice where appropriate on different occasions. This Office will utilize this approach on an ongoing basis, provided that the temporary assistance on mission status is considered the best option with regard to the human and financial resources of both the receiving and releasing offices.	Implemented	Ongoing
Resource planning and recruitment	In order to coordinate the overall development cooperation programme in the country and assist in operational matters with other United Nations (UN) agencies on behalf of the ILO, such as representation on the UN Country Team and the security management team, the post of Coordinator for the ILO Programme was created. Given the importance of this post, the IAO recommended that a plan for its continued financing be assured. There are other similar project setups in the ILO and the Office should consider if the post of Project Coordinator is required.	The Office takes note of this recommendation and confirms that consideration for the need of such posts is undertaken at locations where there are multiple projects and no established office. The decision will continue to be made on a case-by-case basis taking into consideration the readiness of donors to contribute to the cost of such a position and whether the representation on the UN Country Team is best served by such an arrangement.	Implemented	Ongoing

Recommendation title	Recommendation	Office response	Implementation status	Completion date
Financial	<p>The IAO acknowledges that the Office has taken action to reduce the number of recurring issues. Nevertheless, the three matters noted above have been repeatedly highlighted in internal audit reports. The IAO encourages the Office to enhance efforts to address these issues.</p> <ul style="list-style-type: none"> ■ Banking: the IAO recommended that the regional offices, responsible for updating signatory lists for the offices in their purview, request that banks certify in writing that they have implemented the requested changes. The regional offices would then have the responsibility to ensure that this requirement is met and it should follow up with the banks on a timely basis to reduce the risks involved. ■ Payments: the IAO recommended that the Office favour payments by wire transfer and further sensitize its suppliers on the resulting benefits and reduced risks. ■ Tax exemption: the IAO recommended continuing the efforts on obtaining tax exemption, with assistance from the UNDP and the ILO's Office of the Legal Adviser. 	<p>The Office has taken action to reduce the number of recurring financial issues and will continue to enhance such efforts.</p> <ul style="list-style-type: none"> ■ On banking: the Office shares the concern of the IAO regarding the failure of some banking partners to implement requested changes in signatory panels. In the two situations leading to this recommendation, both the local and regional offices had actively pursued the requested changes. The Office will continue to coordinate the efforts at appropriate levels for a timely implementation, including the consideration of alternative banking partners. ■ On payments: as part of the IRIS rollout, the Office is systematically reviewing the best option for executing payments to suppliers, including the implementation of e-banking, subject to local regulations and technical constraints. All offices have been reminded of the preference to use e-banking or other means rather than cheque or cash. ■ On tax exemption: it should be recalled that the exemption from such taxes in any jurisdiction is subject to bi-lateral agreements with each government. The Office will continue its negotiations with governments with regard to the legal framework for tax exemption, in collaboration with UNDP when necessary. 	Implemented	Ongoing
Gender equality	<p>The Office should ensure that the practice is complied with so that constituents have the opportunity to consider any appropriate gender and diversity issues before a Decent Work County Programme (DWCP) agreement is finalized. Any capacity issues in completing the Quality Assurance Mechanism process should be identified and a resolution sought. This should help ensure that gender and diversity issues are properly addressed.</p>	<p>The Office agrees with this recommendation and systematically includes the Gender, Equality and Diversity Branch in the circulation list of the DWCP Quality Assurance Mechanism (QAM) checklist and a technical review of gender matters is conducted as part of the DWCP quality assurance process.</p>	Implemented	Ongoing

Appendix II

List of internal audit reports issued in 2017

Title	IAO reference	Date	Implementation status	Completion date
Report on the internal audit of the ILO DWT for North Africa and Country Office for Egypt, Eritrea, Sudan and South Sudan	IAO/108/2017	24 January 2017	Complete	9 May 2017
Report on the Internal Audit of the ILO's Decent Work Country Team for South Asia and Country Office for India	IAO/109/2017	9 February 2017	Complete	9 May 2017
Report on the Internal Audit Desk Review of the ILO DWT and Country Office for the South Cone of Latin America in Santiago, Chile	IAO/110/2017	24 March 2017	Complete	22 June 2017
Report on the Internal Audit of Knowledge Sharing in the ILO	IAO/111/2017	16 August 2017	Complete	13 December 2017
Report on the Internal Audit of the ILO Projects Office for Haiti in Port-au-Prince, Haiti	IAO/112/2017	26 September 2017	Complete	12 December 2017
Report on the Audit of the Renovation Project for the ILO Headquarters Building in Geneva	IAO/113/2017	4 December 2017	Complete	1 June 2018